

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0218-04
Bill No.: HB 828
Subject: Public Service Commission; Housing
Type: Original
Date: March 25, 2013

Bill Summary: This proposal requires an installer of modular units to be licensed by the Missouri Public Service Commission.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Manufactured Housing Fund*	\$0	\$0	\$0
Public Service Commission Fund	(\$64,733)	(\$74,645)	(\$75,465)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$64,733)	(\$74,645)	(\$75,465)

*Fee Income will offset Costs each fiscal year.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Manufactured Housing Fund	2 FTE	2 FTE	2 FTE
Public Service Commission Fund	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Department of Economic Development - Public Service Commission (PSC)**, this bill would require the PSC to license commercial modular unit installers, set-up a dispute resolution process/procedure, conduct field inspections, set-up an installer training program and develop a decal to be attached to all modular units set-up by licensed installers.

The PSC anticipates the training may be conducted by a private company; however, the training program will require staff oversight and input. Currently the agency only conducts field inspections of new units after receiving a consumer complaint or request.

The PSC estimates 50 installers may require licensing and estimates 1,000 decals will be issued annually. Fees will have to be set by the agency to cover the cost of the required programs. The PSC estimates the dispute resolution process would be limited. The current annual revenues for the Manufactured Housing Program are not sufficient to cover the cost of any additional programs.

The PSC anticipates the following additional staff will be needed:

One Senior Office Support Assistant - Responsible for reviewing and issuing the installers' licenses, issuing decals, maintaining data base of licensees and accounting for and tracking all fees received, and answering related correspondence in a timely manner.

One additional Manufactured Housing Field Inspector - Perform field inspections of commercial modular unit set-ups, oversee and assist with the review and approval of installer training program, assist with dispute resolution process and unit decal verification. Estimate 40% travel. The Manufactured Housing Unit currently has an unfunded FTE. The duties could be absorbed by this FTE, but funding would need to be included in the industry funding calculations.

One entry level legal counsel - Perform enforcement activities. (From the PSC fund)

Licensing and issuance of decals are annual activities. Field inspections will be an on-going activity. It is anticipated the fees to cover the cost of the implementation and continued funding would be supplied by the industry via the PSC administrative rules process.

Officials from the **Department of Economic Development - Office of Public Counsel, Office of Administration, Department of Insurance, Finance and Professional Registration, Office**

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ASSUMPTION (continued)

of State Courts Administrator, and Department of Labor and Industrial Relations each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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MANUFACTURED HOUSING FUND

<u>Income</u> - Fee Income from modular home installer licenses	Unknown	Unknown	Unknown
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<u>Income</u> - Installer purchase of installation decals for modular homes	Unknown	Unknown	Unknown
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<u>Costs</u> - Public Service Commission (PSC)			
Personal Costs (2 FTE)	(\$53,700)	(\$65,084)	(\$65,735)
Fringe Benefits	(\$28,429)	(\$34,455)	(\$34,800)
Equipment and Expense	<u>(\$21,324)</u>	<u>(\$30,266)</u>	<u>(\$14,130)</u>
Total Costs	<u>(\$103,453)</u>	<u>(\$129,805)</u>	<u>(\$114,665)</u>

ESTIMATED NET EFFECT ON MANUFACTURED HOUSING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net FTE - Manufactured Housing Fund	2 FTE	2 FTE	2 FTE
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**PUBLIC SERVICE COMMISSION
FUND**

<u>Costs</u> - Public Service Commission (PSC)			
Personal Costs (1 FTE)	(\$37,590)	(\$45,559)	(\$46,015)
Fringe Benefits	(\$19,900)	(\$24,119)	(\$24,360)
Equipment and Expense	<u>(\$7,243)</u>	<u>(\$4,967)</u>	<u>(\$5,090)</u>
Total Costs	<u>(\$64,733)</u>	<u>(\$74,645)</u>	<u>(\$75,465)</u>

ESTIMATED NET EFFECT ON PSC FUND	<u>(\$64,733)</u>	<u>(\$74,645)</u>	<u>(\$75,465)</u>
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Estimated Net FTE - PSC Fund	1 FTE	1 FTE	1 FTE
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FISCAL IMPACT - Local Government

FY 2014
(10 Mo.)

FY 2015

FY 2016

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Most, if not all, of the dealers affected by the legislation meet the definition of “small business” and would be subject to the license fees and fees for installation decals provided for in the proposal.

FISCAL DESCRIPTION

This bill requires an installer of modular units to be licensed by the Missouri Public Service Commission (PSC). Provisions of the bill include the following:

- (1) Requires the PSC to implement a program to assure the proper installation of modular units by licensed installers;
- (2) Prohibits a person from engaging in the business of installing modular units or holding himself or herself out as a modular unit installer without holding a valid license issued by the PSC;
- (3) Establishes the criteria for licensure;
- (4) Specifies the fee, bonding, continuing education, general liability insurance, and license renewal requirements;
- (5) Allows the PSC to establish procedures and requirements for the reissuance of an installer license that has lapsed, expired, or been suspended, revoked, or placed on inactive status. The PSC cannot reissue a license more than two years after its expiration date;
- (6) Requires each licensed installer to purchase installation decals from the commission for a fee established by the PSC. A decal noting the installer's license number must be permanently affixed to the modular unit at a location determined by the PSC upon completion of the installation;

FISCAL DESCRIPTION (continued)

(7) Allows the PSC to implement these provisions using its own employees; using independent contractors, consistent with policies established by the Office of Administration; or through other specified private or public entities and to establish reasonable fees to cover the costs;

(8) Allows the PSC to discipline a licensee or applicant for specified violations;

(9) Requires an installer to install the modular units according to the instructions provided by the manufacturer, International Building Codes, or other building codes adopted by the PSC; and,

(10) Requires the PSC to adopt reasonable standards for the proper installation of the modular units including the physical engineering needed to install a modular unit on a specific site.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements.

SOURCES OF INFORMATION

Department of Economic Development
Public Service Commission
Office of Public Counsel

Department of Insurance, Finance and Professional Registration
Office of Administration
Office of State Courts Administrator
Department of Labor and Industrial Relations



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Acting Director
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